# 1991

# ANNUAL REPORT

# PRINCE EDWARD ISLAND

# MARKETING COUNCIL

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CANADA

MARKETING COUNCIL

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March 2, 1992

Hon. Keith Milligan
Minister of Agriculture
11 Kent Street
Charlottetown, P.E.I.
C1A 7N8

Dear Mr. Milligan:

I have the honour to submit herewith the operations report of the Prince Edward Island Marketing Council for the 1991 calendar year.

Council's financial report for the 1990-91 fiscal year is amalgamated with the financial report of the Department of Agriculture as Council's annual allocation is provided through the Department.

Respectfully submitted,

Wallace Wood

Wallace Wood
Chairman

## PRINCE EDWARD ISLAND MARKETING COUNCIL

The Prince Edward Island Marketing Council is a statutory body established under the Natural Products Marketing Act, R.S.P.E.I., 1988, Cap. N-3. The Council is responsible for the general supervision of commodity boards, marketing commissions and commodity groups established under the Act.

As of December 31, 1991, the Prince Edward Island Marketing Council consisted of the following members and staff:

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| Wallace Wood, Chairman | Stephen Rogers, Member |
| Chessel Irving, Member | Eldred Simmons, Member |
| Daniel A. MacKinnon, Member | Brian Thompson, Member |
| John MacKinnon, Member | Fairley Yeo, Member |
| Ivan MacArthur, staff | Linda MacNevin, staff. |

The Marketing Council held thirteen meetings in 1991. In addition, Council attended a meeting of the Atlantic Provinces' Agricultural Supervisory Boards in Moncton, New Brunswick, on August 2, 1991.

1991 proved to be a very important year at both the national and international levels with regard to agricultural commodities. The National Dairy Task Force and the National Poultry Task Force issued reports which called for reforms to the national supply management systems in the dairy, egg and poultry meats sectors. The recommendations of these Task Force reports are presently being reviewed by the Steering Committee on Supply Management

which consists of senior Agriculture Canada officials and provincial deputy ministers of Agriculture. In addition to reforms being considered within Canada, it was also evident that the outcome of the General Agreement on Tariffs and Trade (G.A.T.T.) could impact on the operation of Canada's supply management systems. At year end, the G.A.T.T. negotiations had not been completed; however, it appeared that rules respecting trade in agricultural products were being given highest priority.

A number of commodity boards in the province had to deal with some serious challenges in 1991. The Potato Board had to contend with the PVY$^{n}$ crisis which closed North America to Island seed sales and made trade in tablestock potatoes more difficult within North America. The PVY$^{n}$ issue took a number of twists and turns in 1991, and a host of issues consumed much energy including the accuracy of Agriculture Canada's testing procedures and eradication and compensation procedures. As 1991 drew to a close, the PVY$^{n}$ issue remained a priority. The hog industry also had its problems as prices remained low throughout the year. The egg industry faced uncertainty due to Ontario and Quebec's threat to withdraw from the Canadian Egg Marketing Agency's surplus removal program. From the above, it is evident that 1991 was a challenging year for many boards.

The Marketing Council attempted to keep abreast of the issues facing commodity boards and to assist when required. In addition, Council and its staff performed routine duties such as

liaising with national marketing agencies, conducting elections by mail for commodity boards, and providing general supervision over boards, commissions and commodity groups.

1991 was also a year of change at the Marketing Council. Joseph Gaudin, who had been Chairman for twenty years, retired. Mr. Gaudin's experience and knowledge will be greatly missed. Wallace Wood of Marshfield, Prince Edward Island, has assumed the position of Council Chairman.

## APPEALS TRIBUNAL

The Natural Products Appeals Tribunal is a statutory body established under the Natural Products Marketing Act. It is responsible for hearing appeals of decisions made by commodity boards, marketing commissions and the Marketing Council.

As of December 31, 1991, the Natural Products Appeals Tribunal consisted of the following members and staff:

Wayne Beaton, Chairman
Isobel Campbell, Member
Danny Walker, Member
Al Hogan, staff.

During 1991, the Appeals Tribunal received five notices of appeal. Four appeals were in the dairy sector and one appeal pertained to bedding plants. All appeals were heard and decisions rendered.

## COMMODITY BOARDS

Commodity boards are established by regulations made pursuant to the Natural Products Marketing Act.

There are nine commodity boards organized under the Act. The following provides a brief overview of each of these boards:

### Egg Commodity Marketing Board

As of December 31, 1991, the board of directors of the Egg Commodity Marketing Board consisted of the following persons:

Lorne MacNeill, Chairman
Don Burns, Director
Stirling Ching, Director
Bill Hicken, Director
Peter Vriends, Director.

The Egg Board spent much of 1991 contending with challenges posed by Ontario and Quebec's stated intention to withdraw from the national surplus removal program. As a result of negotiations, it became clear that major changes in the surplus removal program would occur with provinces taking a greater responsibility for removing surplus eggs. At year end, the Island, with a high proportion of its egg production being surplus, faced the prospect of reducing its overall production in 1992 due to costs associated with shipping eggs, surplus to the table market, to egg breaking plants in Quebec and Ontario.

## Greenhouse Products Marketing Board

As of December 31, 1991, the board of directors of the Greenhouse Products Marketing Board consisted of the following persons:

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| Gjildert DeJong, Chairman | Arnold Nabuurs, Director |
| Wendell Matthew, Director | William VanKampen, Director. |

The Greenhouse Products Marketing Board regulates bedding plants in the province. In 1991, the Board made further efforts to establish a pricing regime for bedding plants marketed in late spring and early summer.

## Hog Commodity Marketing Board

As of December 31, 1991, the Hog Commodity Marketing Board consisted of the following persons:

| | |
|---|---|
| James Doyle, Chairman | Glen Ployer, Director |
| James Allen, Director | Herman VanWiechen, Director |
| Leith Murray, Director | Alvin Yeo, Director. |

The hog industry experienced rather low prices in 1991. This situation was largely a result of high hog production levels in North America and rather flat demand for pork products. Despite depressed prices, there were some positive views within the Canadian industry as Canada was successful in challenging an American countervail duty on pork products under the dispute settlement mechanisms within the Canada-U.S. Trade Agreement.

## Milk Marketing Board

As of December 31, 1991, the board of directors of the Milk Marketing Board consisted of:

Gordon MacBeath, Chairman
Peter Bulger, Director
Wayne Cousins, Director
Blois Dingwell, Director
Stephen Horne, Director
Ronald Maynard, Director
John McCaughey, Director
Ivan Wallace, Director
John Walsh, Director.

1991 was a year of major structural change in the dairy industry. Perfection Foods Ltd., a major industrial processor located in Charlottetown, was purchased by the only other industrial milk processor, Amalgamated Dairies Ltd. As a result of the purchase, most of the Island's industrial milk is now being processed through Amalgamated Dairies Ltd.'s facilities in Summerside.

The Canadian dairy industry, as a whole, has experienced a decline in consumption of dairy products, particularly products with a high butterfat content. Another factor mitigating against domestic consumption is cross-border shopping. This has meant significant quota cuts for industrial milk in recent years. The Island has been insulated from these quota cuts due to its quota guarantee under the National Milk Marketing Plan.

In 1991, the Prince Edward Island Marketing Council, the body responsible for pricing fluid milk, reviewed the procedures used in pricing fluid milk with members of the industry. As a result of this review, the Council established a new fluid milk pricing policy to take effect on January 1, 1992.

## Pedigreed Seed Commodity Marketing Board

As of December 31, 1991, the board of directors of the Pedigreed Seed Commodity Marketing Board consisted of:

Len McCardle, President
Winston Cousins, Director
Dr. Jim Murphy, Director

In 1991, the Pedigreed Seed Commodity Marketing Board did not exercise any of its powers. The Board continues to hold meetings on a periodic basis.

## Potato Board

As of December 31, 1991, the board of directors of the Potato Board consisted of:

George Webster, Chairman
Wayne Diamond, Director
Denton Ellis, Director
Harold Gard, Director
Richard Gorrill, Director
William MacFadyen, Director
Donald MacSwain, Director
Louis McIsaac, Director
Wilfred Newman, Director
Robert Rose, Director
Melis Visser, Director
Felix Walker, Director.

As mentioned earlier in this report, the major issue confronting the potato industry in 1991 was the PVY$^{n}$ virus. The virus has had the effect of restricting the sale of seed potatoes within North America. Throughout 1991, the Island industry

remained vigilant in its efforts to eradicate the virus and in making representations to the appropriate authorities within Canada and the United States.

Despite the shadow cast over the potato industry by the PVY$^{n}$ issue, there were also positive developments within the industry. The McCain processing plant in Carleton siding opened for business in 1991. Cavendish Farms commenced expansion of its processing facilities in New Annan. Major sales of tablestock potatoes materialized in off-shore markets. These developments, among others, provided a note of optimism to an industry attempting to overcome the negative impact on markets posed by the PVY$^{n}$ issue.

## Poultry Meat Commodity Marketing Board

As of December 31, 1991, the board of directors of the Poultry Meat Commodity Marketing Board consisted of:

Leonard Carver, Chairman
Dean Good, Director
David MacKenzie, Director
Leigh Mullin, Director
Adrian Uyterlinde, Director.

1991 represented the first year the province's allocation of approximately 2.2 million kilograms of eviscerated chicken was totally allocated to producers. The province now has seven broiler chicken producers who market their product to off-Island processors.

## Tobacco Marketing Board

As of December 31, 1991, the board of directors of the Tobacco Marketing Board consisted of:

Joe McCabe, Chairman
George Demeulenaere, Director
Frank Ferraz, Director
Clifford Nicholson, Director.

The tobacco industry continues to face reduced production requirements due to declining sales of tobacco in Canada. In an effort to ease the impact on producers, the federal and provincial governments have offered the Tobacco Transition Adjustment Initiative, a program designed to retire tobacco production. In 1991, four producers, accounting for 257.9 acres of potential production, were retired under the program. Since the program's inception in 1987, a total of 2,225.9 acres of potential production have been retired.

## Vegetable Commodity Marketing Board

This board is inactive.

# MARKETING COMMISSIONS

Marketing commissions are established by regulations made pursuant to the Natural Products Marketing Act.

There are two marketing commissions organized under the Act. The following provides a brief overview of each of these commissions:

## Plant Tissue Culture Commission

This commission remains relatively inactive. As the marketing of strawberries has increased through tissue culturing, those associated with the industry view the commission's regulatory authority important in assuring importing countries of the rigidity of the province's quality control regime.

## Turkey Marketing Commission

This commission was established on December 5, 1991, to investigate the establishment of further turkey production in the province. As of December 31, 1991, the commission consisted of the following members:

J.M. Sandham, Chairman
Elmer MacDonald, Commissioner
Brian Thompson, Commissioner.

## COMMODITY GROUPS

Commodity groups are established by an order of the Minister of Agriculture pursuant to the Natural Products Marketing Act.

The powers of a commodity group are restricted to collecting a refundable levy from producers. There is presently one commodity group organized under the Act. The following provides a brief overview of this group:

## Cattlemen's Association Inc.

As of December 31, 1991, the board of directors of the Prince Edward Island Cattlemen's Association Inc. consisted of:

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|---|---|
| Peter Elsinga Jr., President | Barry Gallant, Director |
| Alex Dixon, Director | John J. MacDonald, Director |
| Charles Duffy, Director | Bobby Ward, Director. |

The Cattlemen's Association Inc. uses its funds to participate in national beef information and promotion efforts. The Association also represents the views of the Island cattle producers in provincial and national fora. In 1991, the Prince Edward Island Cattlemen's Association Inc. hosted the annual meeting of the Canadian Cattlemen's Association.